



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

DAVID C. HOLLISTER
DIRECTOR

Analysis of Senate Bill 582 (As Introduced)

Topic: Administrative Procedures Act

Sponsor: Senator Bishop

Co-Sponsors: Senators Sanborn, Gilbert, Toy, Patterson, Birkholz, Cassis, Stamas, Allen, Goschka, Van Woerkom, George, Brown, McManus, Basham and Kuipers

Committee: Senate Government Operations

Date Introduced: June 14, 2005

Date Enrolled:

Date of Analysis: December 14, 2005

Position: The Department of Labor & Economic Growth supports the bill.

Problem/Background:

The Administrative Procedures Act was enacted prior to the availability of computers and electronic submissions. Old language has persisted, even as the statute is updated with new processes and procedures; thus, outdated procedures still exist even when no longer necessary. Legislation is needed to eliminate this wherever possible.

Description of Bill:

- 1) Senate Bill 582 updates Section 46 in the act to recognize that the old Office of Regulatory Reform was replaced by the State Office of Administrative Hearings and Rules.
- 2) To comply with the statutory requirement that the Secretary of State file copies of promulgated rules with the House and Senate, SOS has historically required departments to submit 170 copies of a rule set to the Office of the Great Seal upon promulgation. These rule sets can be 2-70 page documents. Senate Bill 582 would allow SOS to comply with the requirement to share the rules, albeit through electronic means, a more efficient method of distribution.

Arguments For:

- ◆ The Department of Labor & Economic Growth exercises its rulemaking authority within many of its agencies annually, to maintain safety and health standards, update licensing requirements, eliminate unnecessary regulation, and to streamline processes and procedures within state government. To do this, the Administrative Procedures Act requires that certain processes be followed, not only for this department, but every other department as well.

A review of 12 months of rulemaking showed that when DLEG printed the 170 copies

required by the Department of State to forward to the legislature for each rule promulgated, the department spent approximately \$4,000 in printing costs alone. If multiplied by the costs to the other principle departments with rulemaking authority, this shows that significant monetary savings could be made by this simple legislative change, while still safeguarding the public rulemaking process.

- ◆ Savings could also be realized by the legislature because legislators could receive the distribution electronically and eliminate some paperwork for themselves and their staff.

Arguments Against:

- The legislation should be unnecessary, if the Department of State and the legislature would simply agree to eliminate the requirement for the paper copies, and alert the other departments. There is no legislative mandate for 170 copies of each rule set.

Supporters:

DLEG
Department of State

Opponents:

There are no known opponents or arguments against this proposed bill.

Fiscal/Economic Impact:

a) Department:

Budgetary: As argued above, DLEG can save an estimated \$4,000 per year with this simple change.

Revenue: No additional revenue would be realized.

b) State of Michigan: Most state departments have rule promulgation authority. With this authority comes the necessity of amending rules periodically. Aggregately, the state could save printing costs for all departments that engage in rule promulgation.

c) Local Government

d) Other State Departments: The State Office of Administrative Hearings and Rules estimates that savings could be gained, especially for departments that do the majority of rulemaking (i.e. DLEG) or departments with rule sets that are voluminous (DEQ).

Administrative Rules Impact:

There would be no significant impact upon the promulgation of administrative rules, but a small portion of the entire cost of promulgating administrative rules would be saved each time a rule is amended, added or rescinded from the Administrative Code, or with the promulgation of Emergency rules.